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OFFICE OF PETITIONS

In re Patent of Hermansen et al. :
Patent No. 6,205,885 :
Issue Date: March 27, 2001 :
Application No. 09/391,709 :
Filing Date: September 8, 1999 :
Attorney Docket No. SLIP-21 :

Decision on Petition

This is a decision on the petition under 37 CFR 1.378(b), filed October 18, 2007, to reinstate the above-identified patent.

The petition is **DISMISSED**.

Facts:

The instant patent issued March 27, 2001.

The last day the maintenance fee could have been timely paid, with a surcharge, was Monday, March 28, 2005. The maintenance fee was not timely paid and the patent expired at midnight on March 28, 2005.

The law firm who handled prosecution of the patent, as well as several of petitioner's other patents, had paid maintenance fees for two of petitioner's patents during February of 2004. When the law firm pays a maintenance fee on behalf of a client, the law firm charges the client a service fee. The declaration of Janis Foreman indicates it is not unusual for a client to request to pay their own fees in order to avoid payment of the service fee.

Ms. Foreman believes she received instructions from the client on a date around mid-2004 stating the client would pay maintenance fees in the future. Ms. Foreman states, "All of the issued patent files for this client show that the client will pay their own annuities as of mid-2004."

The 3.5 year maintenance fee for the instant patent could have been paid, without a surcharge, as early as March 27, 2004, and as late as Monday, September 27, 2004. The law firm's docket sheet for the instant patent stated the due date for the first maintenance fee was September 27, 2004. The corresponding "Action Take in Response" column stated, "Client said they will pay."

Patent No. 6,851,189 issued February 8, 2005. A copy of the front of the file includes an entry stating the issue paid was paid December 30, 2004. A following entry indicates "client to pay annuities."

Patent No. 7,225,703 issued June 5, 2007. A copy of the front of the file includes an entry stating the issue fee was paid April 16, 2007. A following entry indicates "client pays annuities."

Petitioner does not remember informing Ms. Foreman that Petitioner would handle payment of maintenance fees in the future.

On or about October 3, 2007, the law firm learned from petitioner that petitioner had not paid the maintenance fee.

The instant petition was filed October 18, 2007.

The Law:

A grantable petition under 37 CFR 1.378(b) must be accompanied by a showing to the satisfaction of the Director that the entire delay in paying the required maintenance fee from the due date for the fee until the filing of a grantable petition pursuant to this paragraph was unavoidable.

In order for a party to prove unavoidable delay, the Office requires the party demonstrate the party exercised the "care or diligence tha[t] is generally used and observed by prudent and careful men in relation to their most important business."¹ However, "the question of whether [delay] was unavoidable [will] be decided on a case-by-case basis, taking all of the facts and circumstances into account."²

The statute requires a "showing" by petitioner. Therefore, petitioner has the burden of proof. The decision will be based solely on the written, administrative record in existence. It is not enough that the delay was unavoidable; petitioner must prove that the delay was unavoidable. A petition will not be granted if petitioner provides insufficient evidence to "show" that the delay was unavoidable.

The Office and Congress have recognized the unavoidable standard can be very difficult to meet. During 1992, Congress considered the difficulty involved in reinstating a patent under the unavoidable. Congressional representatives described the unavoidable standard as inflexible, extremely hard to meet, too stringent and harsh.³ Congress did NOT take steps to make the

¹ In re Mattulath, 38 App. D.C. 497, 514-15 (D.C. Cir. 1912). See also Ray v. Lehman, 55 F.3d 606, 34 U.S.P.Q.2d (BNA) 1786 (Fed. Cir. 1995) (citations omitted) ("[I]n determining whether a delay in paying a maintenance fee was unavoidable, one looks to whether the party responsible for payment of the maintenance fee exercised the due care of a reasonably prudent person.")

² Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (D.C. Cir. 1982).

³ "[The unavoidable] standard has been found to be extremely hard to meet. Some patent owners have lost their patent rights due to this inflexible standard." 138 CONG. REC. S16613, 16614 (September 30, 1992) (Rep. DeConcini) (emphasis added). "The unavoidable standard has proved to be too stringent in many cases." 138 CONG. REC. H1115 (October 3, 1992) (Rep. Hughes) (emphasis added). "The unavoidable standard is 'too stringent.' Some patent owners have lost their patent rights due to

unavoidable standard more flexible, easier too meet, less stringent, or less harsh. Instead, Congress determined that it would allow patent owners the ability to reinstate a patent under an "unintentional" standard as long as the petition was filed within 24 months of the expiration of the patent. Congress chose to continue requiring proof of unavoidable delay for petitions filed after the 24 month time period.

Application of the Law to the Facts:

Based on the facts in the record, it appears the most likely explanation for petitioner's failure to pay the fee is:

- (1) Petitioner informed the law firm petitioner would pay maintenance fees in the future,
- (2) Petitioner failed to take steps to ensure the fees would be timely paid, and
- (3) Petitioner failed to pay the fees.

An entity treating the patent the same as a reasonable and prudent person would treat his or her most important business would not absolve the law firm of responsibility for monitoring maintenance fees without taking reasonable and reliable steps to ensure maintenance fees for the patents in the future. The petition fails to list any steps taken by petitioner to ensure the fee would be paid timely.

Petitioner must prove the entire delay was unavoidable. When the law firm paid the maintenance fees for two patents during February 2004, did the law firm send petitioner a bill? If yes, and if petitioner was relying on the law firm, why did petitioner fail to inquire into the reason it was not receiving future bills for maintenance fees during the following period of over three years.

The petition states the law firm learned petitioner had not paid the fee during October 2007. However, the petition fails to discuss the date petitioner learned the maintenance fee had not been paid. When did petitioner first learn that the maintenance fee for the instant patent, or any of its other patents, had not been timely paid?

Any request for reconsideration should be accompanied by a statement by an employee or officer of petitioner with first hand knowledge of the relevant facts concerning petitioner's actions and inactions with respect to petitioner's patents and the maintenance fees for each patent.

Even if petitioner could prove it never informed the law firm it would pay the fees, and prove it was reasonable in relying on the law firm to pay maintenance fees, such a showing would not necessarily demonstrate unavoidable delay. Reasonable reliance on a third party representative does not, per se, constitute "unavoidable" delay. When a party relies on an agent to take certain steps, the petition must address not only the party's actions *but also* address the agent's actions or inactions.⁴ A showing is insufficient if it merely establishes that petitioner did everything

circumstances that do not warrant this harsh result, but that could not be considered 'unavoidable' under current law." 138 CONG. REC. E1688 (June 4, 1992) (extension of remarks of Rep. McCollum) (emphasis added).

⁴ See Pioneer Inv. Servs. Co. v. Brunswick Assocs. Ltd. P'ship, 507 U.S. 380, 396, 397 (1993) ("The [Circuit] court also appeared to focus its analysis on whether respondents did all they reasonably could in policing the conduct of their attorney, rather than on whether their attorney, as respondents' agent, did all he reasonable could to comply with the court-order bar date.

petitioner could to monitor the agent's actions and inactions, but fails to address the agent's conduct.⁵

Even if a petitioner ensures his agent is an attorney rather than, for example, an individual with little knowledge of the law, petitioner will still be bound by the agent's conduct. The Tenth Circuit has stated, "Plaintiff argues against the harshness of penalizing him for his attorney's conduct. But there is nothing novel here (footnote omitted). Those who act through agents are customarily bound by their agents' mistakes. It is no different when the agent is an attorney."⁶

The Tenth Circuit is not alone in holding parties bound by the actions of their agents. The Supreme Court has stated, with emphasis added,

Petitioner voluntarily chose his attorney as his *representative* in the action and he cannot now avoid the consequences of the acts or omissions of this freely selected *agent* ... Each party is deemed bound by the acts of his lawyer-*agent* and is considered to have 'notice of all facts, notice of which can be charged upon the attorney.'⁷

The effects of holding petitioner bound by petitioner's agent's conduct may seem harsh. However, as footnote 10 which follows the above quotation explains,

Clients have been held to be bound by their counsels' inaction in cases . . . when the consequences have been more serious. (Citations omitted). Surely if a criminal defendant may be convicted because he did not have the presence of mind to repudiate his attorney's conduct in the course of the trial, a civil plaintiff may be deprived of his claim if he failed to see to it that his lawyer acted with dispatch in the prosecution of his lawsuit.

Petitioner has not shown that the law firm's actions were reasonable even if petitioner never informed the law firm petitioner would pay the fees. If petitioner never informed the law firm that petition would pay the fees, then Ms. Foreman's conduct does not appear to have been reasonable. Ms. Foreman did not simply make a typographical or minor clerical error. Instead, near mid-2004, she intentionally changed most, if not all of petitioner's files, to indicate petitioner would be paying the fee.

In this, the court erred. . . . [I]n determining whether respondents' failure to file their proof of claim prior to the bar date was excusable, the proper focus is upon whether the neglect of respondents *and their counsel* was excusable." (emphasis in original)). In Huston v. Ladner, 973 F.2d 1564, 1567, 23 U.S.P.Q.2D (BNA) 1910 (Fed. Cir. 1992), the court determined the client was bound by the attorney's actions. The majority was unpersuaded by the dissent which states in part that the "errors occurred despite exceptional vigilance by the client."

⁵ See Id.

⁶ Gripe v. City of Enid, Oklahoma, 312 F.3d 1184, 1189 (10th Cir. 2002).

⁷ Link v. Wabash Railroad Co., 370 U.S. 626, 633-634, 8 L. Ed. 2d 734, 82 S. Ct. 1386 (1962) (quoting Smith v. Ayer, 101 U.S. 320, 326 (1880)).

The Office notes Ms. Foreman has stated, "All of the issued patent files for this client show that the client will pay their own annuities as of mid-2004." However, the front of the files for Patent No. 6,851,189, and Patent No. 7,225,703, render the comment ambiguous. The front of each file appears to indicate the "client to pay" entries were made after mid-2004. For Patent No. 6,851,189, the entry indicating "client to pay annuities" follows the entry indicating the issue fee was paid December 30, 2004. For Patent No. 7,225,703, the entry indicating "client pays annuities" follows the entry indicating the issue fee was paid April 16, 2007. If Ms. Foreman made an error, it appears she made the same error on multiple occasions. Any request for reconsideration should be accompanied by a full discussion of each occasion Ms. Foreman changed any of petitioner's files to indicate petitioner would pay the fee.

Petitioner bears the burden of proof. A review of the petition indicates the showing of record is insufficient to prove the entire delay was unavoidable within the meaning of 37 CFR 1.378(b). Therefore, the petition must be dismissed.

Petitioner's current options

I. Petitioner may file a request for reconsideration.

Any request for reconsideration must be submitted within TWO (2) MONTHS from the mail date of this decision. Any petition for reconsideration of this decision must be accompanied by a non-refundable petition fee of \$400 as set forth in 37 CFR 1.17. Extensions of time under 37 CFR 1.136(a) are NOT permitted. The reconsideration request should include a cover letter entitled "Renewed Petition under 37 CFR 1.378(b)." This is **not** final agency action within the meaning of 5 U.S.C. § 704.

After a decision on the petition for reconsideration, no further reconsideration or review of the matter will be undertaken by the Director. Therefore, it is extremely important that petitioner supply **any** and **all** relevant information and documentation with his request for reconsideration. The Commissioner's decision will be based solely on the administrative record in existence. Petitioner should remember that it is not enough that the delay was unavoidable; petitioner must **prove** that the delay was unavoidable. A petition will not be granted if petitioner provides insufficient evidence to "show" that the delay was unavoidable. Therefore, if a request for reconsideration is filed, it must establish that the entire delay in the submission of the maintenance fee was unavoidable.

II. Petitioner may request a refund of the maintenance fee and surcharge which accompanied the petition.

Since the petition is dismissed, petitioner may request a refund of the maintenance fee and surcharge. Petitioner is reminded that if a request for reconsideration is later filed along with the \$400 fee, the \$400 will not be refunded. A request for a refund should be sent to: Mail Stop 16, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450. A copy of this decision should accompany any request for refund.

Further correspondence with respect to this matter should be addressed as follows:

By mail: Mail Stop Petition
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

By facsimile: (571) 273-8300
Attn: Office of Petitions

By hand: U.S. Patent and Trademark Office
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Telephone inquiries regarding this communication should be directed to Petitions Attorney
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